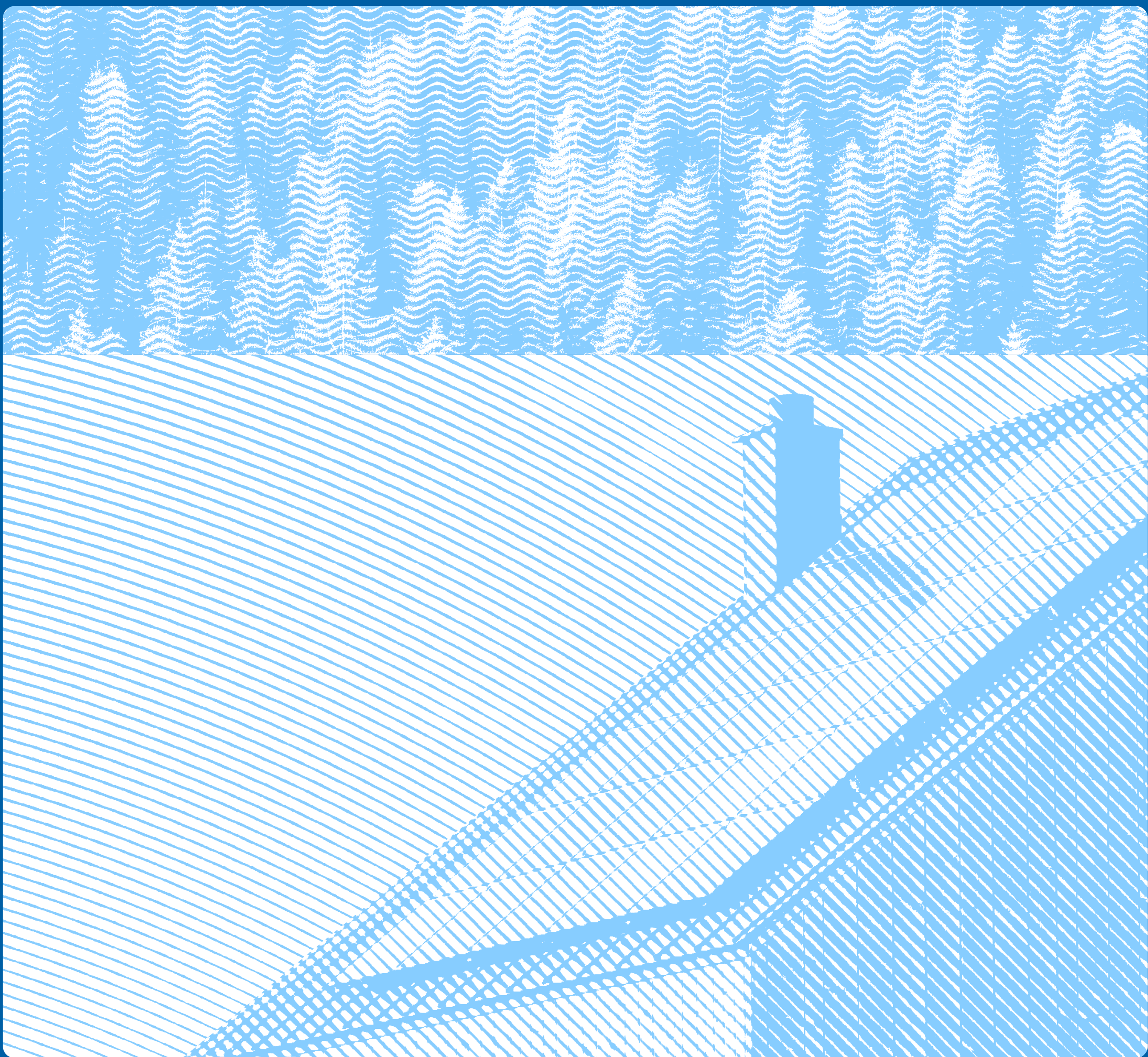
Handelsbanken

Authorised Corporate Director

Product-Level Sustainability Report

Handelsbanken Balanced Responsible Multi Asset Fund

Annual Report - 31 December 2025



Fund Identifiers:

Fund code (LEI): 2138006J9E2FN3N9I205;

Share class codes (ISIN):

C Accumulation GB00BJXS5D10;

D Accumulation GB00BJXS3Q09;

I Accumulation GB00BJXS5G41;

H Accumulation GB00BJXS5F34

As at 31 December 2025

Purpose

This report has been prepared by Handelsbanken ACD Limited in our capacity as authorised corporate director of the Handelsbanken Balanced Responsible Multi Asset Fund (the Fund). The Portfolio Manager of the Fund is Handelsbanken Wealth & Asset Management (Handelsbanken Wealth).

This report is intended to provide information to help investors understand how the Fund has been invested in accordance with its investment policy and strategy, in relation specifically to the Fund's sustainability characteristics.

The metrics included in this report relate to the Fund's specific sustainability characteristics that were introduced in December 2024. This report will be updated annually and future reports will include both updated and historic metrics so that investors can compare the Fund's sustainability performance year-on-year.

Positive environmental and/or social themes

Neutral investment holdings

Our approach to responsible investing

We believe that ESG (Environmental, Social, and Governance) factors can have a material impact on long-term investment outcomes. Our approach to responsible investing is to pursue investment in companies, sectors and countries that demonstrate a positive influence on environmental and/or social themes, whilst seeking to avoid investment in activities that we consider harmful to the environment and/or society.

The Fund aims to hold at least 70% of its assets (usually other funds managed by third-party managers) in investments that demonstrate positive environmental and/or social themes.

To help manage the risk, liquidity and diversification of assets in the Fund, we allow up to 30% of the fund's assets to invest in neutral holdings. These holdings do not meet our criteria for demonstrating positive environmental and/or social themes, but are still subject to our ESG integration assessment and negative screening.

The neutral holdings in the Responsible Funds are:

- Cash, and cash-like investments
- Some government bonds
- Some derivatives and hedge fund holdings

Exceptions to the 70% minimum

Due to market movements or prevailing market conditions, or in times of significant market stress, the proportions of the Fund's assets allocated to investments that demonstrate positive environmental and/or social themes may temporarily fall below the minimum threshold. In any such event we will restore the Fund's assets to the minimum threshold as soon as reasonably practicable. In doing so we will consider investors' best interests as well as our broader mandate to manage the Fund to its risk and return objective, which may result in the Fund continuing to have a higher proportion of assets invested in lower risk neutral holdings for a period of time. In any case we will endeavour to bring the Fund's assets back in line with the minimum threshold within 6 months.

Asset classification:

	% of the Fund's total assets	
	as at 31 December 2024	as at 31 December 2025
Assets that demonstrate positive environmentaland/or social themes	96.4%	95.7%
Assets classed as neutral	3.6%	4.3%

Source: Handelsbanken Wealth

- We aim to maintain a high proportion of exposure in our funds to assets that have mostly positive Environmental &Social themes.
- While we do target social themes where possible, this theme is more challenging to access through investment vehicles, leading to the small exposure we have in our funds.
- We have maintained a high standard of ESG integration scores and ensure our funds meet the negative screening criteria.

We use a responsible investing framework based on four underlying components to assess, select and monitor investments for the Fund:

1. **Environmental, social and governance (ESG) integration – the explicit inclusion of ESG factors into the investment process. We use our bespoke set of ESG integration criteria to score investments.**

Where an investment is a fund managed by a third-party manager ('indirect' investments) we assess the ESG integration processes of the third-party manager across four overarching assessment areas (see the table below). The ESG Integration criteria consists of a number of pre-defined questions grouped into four overarching assessment areas, against which we assign points to investments depending on the outcome of the assessment. Indirect investments being considered for inclusion in the Fund must achieve a minimum aggregate score of 70% across all criteria assessed as well as a minimum score in each of the four overarching assessment areas as follows:

ESG Integration criteria assessment area	Minimum score required
Commitment and transparency (review of public disclosures, systems processes, governance, oversight)	70%
Capability and track record (review of history, resources and expertise; and external validation)	70%
Evidence (examples of implementation, embedment and bindingness of ESG integration)	100%
Materiality (consistency of: (i) application and (ii) use of resources, with claims made)	100%
Aggregate ESG integration score	**70%**

In some instances, we may not be able to fully assess an investment against all the ESG integration criteria, for example due to insufficient data being available. In these instances, we will make an assessment using all available data across each of the criteria but may adjust the minimum scoring threshold as appropriate to reflect the limited data availability. Approval from the Portfolio Manager's Investment Oversight Committee is required where the ESG integration minimum score is adjusted, or there is insufficient available data to produce a score.

Aggregate ESG integration score as at 31st December 2025:

Assets that meet the aggregate 70% minimum ESG integration score	100% of the Fund's total assets

Investment types used in the Fund

The Fund has a multi-asset investment approach, meaning its portfolio has exposure to a range of asset classes. An asset class is a category of assets, such as cash, company shares, bonds, property and commodities. The Fund usually accesses asset classes 'indirectly' through investment in other funds. These funds are pooled investment vehicles, where one large portfolio is funded by numerous different investors and invested into different underlying assets, including funds managed by third-party fund managers.

Average ESG integration score by asset class:

Asset class	As at 31 December 2024	As at 31 December 2025
Equity	95.7%	95.5%
Bonds	96.8%	96.5%
Property	96.0%	95.8%
Commodities	91.5%	91.7%
Hedge Funds	88.0%	88.0%
Cash	95.0%	95.3%

Source: Handelsbanken Wealth

The percentages show the average ESG integration score of the investments held by the Fund in each asset class.

2. Negative screening – limiting investments with exposure to certain sectors, companies or countries deemed harmful to the planet or society.

We do this by:

(i) only including an investment where revenue derived from specified controversial activities are within defined tolerance thresholds as shown in the table below; and (ii) excluding investments found to include companies or countries in violation of any of the UN Global Compact Principles regarding human rights, labour, the environment and anti-corruption.

As at 31 December 2025 the Fund's exposure to the activities listed below did not exceed the maximum revenue limits.

Activity	Exclusion Description	Revenue Limit (%)
Controversial weapons	e.g. nuclear, chemical or biological weapons. Further details are available in the Responsible Investment Policy	0%
Tobacco	Growing tobacco plants or manufacturing tobacco products	0%
	Indirect revenue from the distribution or promotion of retail of tobacco products	15%
Alcoholic beverages	Direct or indirect revenue from the manufacture of alcoholic beverages	5%
	Direct revenue from the sale of alcohol	30%
Fur and luxury leather	Revenue exposure from the production of fur and luxury leathers (including products made from animals solely hunted or bred for their skin and fur), or the sale of fur products	0%
Gambling	Direct revenue from gambling e.g. casinos and betting shops	10%
	Indirect revenue from gambling activities	15%
Adult entertainment	Revenue from business activities defined as adult entertainment	50%
Predatory lending	Direct or indirect revenue from predatory lending	10%
Palm oil	Direct revenue from palm oil production or extraction unless they are members of the 'Roundtable on Sustainable Palm Oil'	5%
Fossil fuels	Direct or indirect revenue from coal power generation	5%
	Direct or indirect revenue from Arctic oil and gas production or exploration	5%
	Direct or indirect revenue from oil-sands-based fossil fuels	5%
	Direct or indirect revenue from shale energy exploration	5%
	Direct revenue from equipment and services providers associated with coal extraction and power generation, arctic oil and gas production and exploration, oil sands and shale energy exploration	50%
UN Global Compact	We will not intentionally invest in issuers which we deem to be in breach of the United Nations Global Compact	0%

Occasionally, the Fund may have a temporary exposure that exceeds the tolerance levels in the negative screening criteria. This may be due to a variety of factors, for example, inaccurate/misclassified data, or an underlying company held in a fund may report annual revenues which exceed an exclusion tolerance for the first time. Where this is highlighted through our negative screening process, we will analyse the exception and report this to the Investment Oversight Committee, which could result in either approval or disinvestment.

3. **Pursuing positive environmental and/or social themes – making investments that have a demonstrable influence on defined environmental and/or social themes.**

   The Fund may invest across multiple different themes which may vary from time to time, but all individual investments under this category must have an explicit goal linked to one or more themes, a clear investment policy to achieve this goal, and evidence of progression towards this goal.

The Fund does not pursue specific goals or themes and may invest across multiple themes which may vary from time to time. Examples (non-exhaustive) of themes that the Fund may pursue include climate change mitigation and adaptation; water and marine resources; biodiversity; sustainable energy; human rights; health and welfare; infrastructure investment; and funding of socially and/or environmentally beneficial activities.

Fund's total assets by theme:

	As at 31 December 2024	As at 31 December 2025
Assets that demonstrate positive environmental and/or social themes	96.4% of the Fund's total assets, of which ▪ 20.3% demonstrate an environmental theme ▪ 1.5% demonstrate a social theme ▪ 74.6% demonstrate both themes	95.7% of the Fund's total assets, of which ▪ 12.9% demonstrate an environmental theme ▪ 2.7% demonstrate a social theme ▪ 80.1% demonstrate both themes
Assets classed as neutral	3.6% of the Fund's total assets	4.3% of the Fund's total assets

Source: Handelsbanken Wealth

Breakdown of themes by asset class:

	As at 31 December 2024	As at 31 December 2025
Assets that demonstrate positive environmental theme	20.3% of the Fund's total assets, which consist of: ▪ 8.7% Bonds ▪ 7.3% Equity ▪ 2.4% Property ▪ 2.0% Commodities	12.9% of the Fund's total assets, which consist of: ▪ 7.4% Bonds ▪ 2.4% Equity ▪ 1.8% Property ▪ 1.3% Commodities
Assets that demonstrate positive social theme	1.5% of the Fund's total assets, which consist of: ▪ 1.5% Equity	2.7% of the Fund's total assets, which consist of: ▪ 2.7% Equity
Assets that demonstrate positive environmental and social themes	74.6% of the Fund's total assets, which consist of: ▪ 56.8% Equity ▪ 12.6% Bonds ▪ 2.6% Commodities ▪ 2.5% Hedge Funds	80.1% of the Fund's total assets, which consist of: ▪ 60.4% Equity ▪ 15.0% Bonds ▪ 4.7% Commodities
Assets classed as neutral	3.6% of the Fund's total assets, which consist of: ▪ 3.0% Bonds ▪ 0.4% Cash ▪ 0.1% Hedge Funds	4.4% of the Fund's total assets, which consist of: ▪ 1.6% Bonds ▪ 0.5% Cash ▪ 2.3% Hedge Funds

Source: Handelsbanken Wealth

4. Engagement – seeking to drive positive change.

As the Fund usually invests in funds that are managed by third-party managers, we will assess the engagement processes of those third-party managers and the extent to which the third party-manager seeks to influence the behaviour of issuers of investments in which their fund invests.

When assessing third-party managers we consider whether:

- The manager takes an active approach to voting and engagement
- The manager has clearly expressed desired outcomes from its engagement approach
- Voting records for the manager are available and aligned with their desired outcomes
- The manager has appropriate resources and methodology to support their engagement approach

We re-assess third-party managers' engagement approaches on at least an annual basis as part of our due diligence processes. Our most recent review was conducted in March 2025, all third-party managers' engagement approaches remain sufficient.

Changes to our responsible investing framework

In December 2024 we introduced some new criteria into the responsible investing framework that we use to assess, select and monitor the investments held by the Fund.

- The Fund must now invest a minimum of 70% of its portfolio in investments that pursue positive environmental and / or social themes.
- Up to 30% of the Fund's remaining assets will be invested in what we call 'neutral' investments, which we use to manage the Fund's risk.
- Indirect investments (funds managed by a third-party managers) now have to meet a minimum Environmental, Social and Governance (ESG) score in order to be included or remain in the Fund's portfolio, and we have enhanced our existing bespoke ESG integration criteria that we use to score indirect investments.

Whilst these changes have not materially altered the way that we manage the Fund, the introduction of this specific criteria has made our responsible investing framework more robust and allows us to report on the Fund's progress in a more measurable way.

In 2024 the financial services regulator – the Financial Conduct Authority – put in place new rules for UK investment products with sustainability characteristics, such as the Fund. Under these rules, funds that have sustainability characteristics can choose to use a sustainable investment label as defined by the Financial Conduct Authority, if the product meets certain criteria. Sustainable investment labels help investors identify products that have a specific sustainability goal. The Fund does not have a UK sustainable investment label. This is because we do not invest the Fund's assets in accordance with a specific sustainability objective, which is a requirement for products where the manager has chosen to use a sustainable investment label.

Under the same rules, the term 'sustainable' can only be used in a fund's name when it has very specific sustainability characteristics. As a result, in December 2024 the Fund's name was changed from "Balanced Sustainable" to "Balanced Responsible". The term responsible also better reflects the fund's investment strategy, which is to invest in different types of assets (usually other funds managed by third-party managers) that demonstrate positive environmental and/or social themes while seeking to avoid investment in activities that the we consider harmful to the environment and/or society.

Glossary of terms

We have provided a summary of the terms used in this policy below. There is also a full glossary of terms provided on the Handelsbanken Wealth website: wealthandasset.handelsbanken.co.uk/glossary-of-terms/

Term	Definition
Active investing	Where the fund manager uses their expertise to pick investments to achieve the fund's objectives rather than copy the investments in a market index.
Asset	Anything having commercial or exchange value that is owned by a business, institution or individual.
Asset class	A category of assets, such as cash, company shares, bonds, property and commodities.
Authorised Corporate Director	Authorised Corporate Directors (ACDs) are responsible for the running of an investment fund. They have a duty to act in the best interests of the fund's investors and ensure that the fund is well managed in line with regulations and with the investment objectives and policies set out in its prospectus.
Bonds	An investment in the debt of a government or corporation, where investors receive a fixed rate of interest over a specified time period, at the end of which the initial amount is repaid.
Commodities	Raw materials that can be bought and sold.
Derivatives	Investments whose value is linked to another investment, or to the performance of a stock exchange or to some other variable factor, such as interest rates.
Engagement	Interaction with company management on various financial and non-financial issues, including ESG factors. Engagement allows investors to better understand how a company operates and how it interacts with its stakeholders, as well as advising on and influencing company behaviour and disclosures where appropriate.
Equities	Also known as shares - portions representing part ownership of a company. The term can also apply to a stake in a fund.
ESG integration	The explicit inclusion of environmental, social and governance (ESG) factors into the investment process.
Exposure	The proportion of a fund invested in a particular asset class, bond, sector/region, usually expressed as a percentage of the overall portfolio.
Hedge funds	Pooled investment vehicles that make use of complex trading strategies, including short selling and the use of leverage.
Money market instruments	Investments usually issued by banks or governments that are a short-term loan to the issuer by the buyer. The buyer receives interest and the return of the original amount at the end of a certain period.
Multi asset portfolio	A portfolio that is invested in different types of assets such as company shares, bonds, property or cash among others.
Negative screening	Applying filters to a universe of securities, issuers, investments, sectors, or other financial instruments to rule them out, based on poor performance on ESG factors relative to industry peers or specific environmental, social, or governance criteria.
Passive investing	Investing according to the stock or sector weightings of an index. Passive management is also referred to as 'indexing' or 'tracking'.
Risk	The chance that an investment's return will be different to what is expected. Risk includes the possibility of losing some or all of the original investment.
Roundtable on Sustainable Palm Oil	The Roundtable on Sustainable Palm Oil (RSPO) is a global, non-profit organisation established to promote the sustainable production and use of palm oil. It is focused on bringing together stakeholders from across the palm oil supply chain to develop and implement global standards for sustainable palm oil.
Stewardship	The use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social, and environmental assets on which their interests depend.
United Nations Global Compact	A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation.
Voting	As the partial owners of a company, shareholders have the right to vote on resolutions put forward at a company's annual general meeting. These resolutions include the re-election of directors, executive remuneration and business strategy, and may also include resolutions put forward by shareholders.

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